

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 SCS-03 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04 L-03

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 6760

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E.O. 11652: N/A

TAGS: EWWT, RP

SUBJECT: COP PERMITS TEMPORARY REGISTRY OF FOREIGN VESSELS
FOR COASTAL TRADE

1. IN A MOVE OSTENSIBLY TO PROVIDE MORE CARGO AND PASSENGER VESSELS TO MEET INCREASING DEMANDS OF INTERISLAND COMMERCE, PRESIDENT MARCOS SIGNED ON AUGUST 16 PRESIDENTIAL DECREE NO. 760 PERMITTING THE TEMPORARY PHILIPPINE REGISTRATION OF FOREIGN-OWNED VESSELS FOR DOMESTIC SHIPPING AND AN ALLIED PD NO. 761 LOWERING THE DOMESTIC CAPITAL OWNERSHIP REQUIREMENT FOR THE REGISTRATION OF VESSELS FROM 75 TO 60 PERCENT. PD 761 ALSO TRANSFERRED THE AUTHORITY FOR REGISTRATION OF VESSELS FROM THE PHILIPPINE COAST GUARD TO THE MARITIME INDUSTRY AUTHORITY.

2. MORE THAN 20 PERCENT OF INTERISLAND VESSELS ARE OVERAGE, OF WORLD WAR II OR EARLIER VINTAGE, AND SHOULD BE REPLACED IMMEDIATELY. HOWEVER, PRESENT CAPACITY IS MORE THAN ENOUGH TO MEET CURRENT ROUTES NOW IN OPERATION. ALL DOMESTIC SHIPPING COMPANIES ARE WHOLLY FILIPINO OWNED, AND MOST ARE EXTENSION OF LARGE AND AFFLUENT

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FAMILY BUSINESS GROUPS WHICH DO NOT APPEAR TO NEED OR

SEEK FOREIGN EQUITY.

3. DECREES WERE ACTUALLY TAILORED TO MEET SPECIFIC INTEREST OF PHILIPPINE SINTERING CORPORATION, THE JOINT VENTURE BETWEEN KAWASAKI STEEL AND PHILIPPINE VETERANS DEVELOPMENT CORPORATION, WHICH IS BUILDING A FIVE MILLION TON IRON ORE SINTERING FACILITY IN VILLANUEVA NEAR CAGAYAN DE ORO IN NORTHERN MINDANAO. (SEE MANILA A-281 AUG 31, 1974 THE DECREES WILL PERMIT KAWASAKI TO BRING IN ITS TUGS AND BARGES AND HAVE THEM REGISTERED UNDER THE PHILIPPINE FLAG FOR THE HAULAGE OF LIMESTONE FROM BOHOL ACROSS THE MINDANAO SEA TO VILLANUEVA.

4. AN EARLIER GENESIS FOR THE DECREES WAS OYAMA'S PLANS TO BRING IN A DECK SHIP TO SERVE AS AN INTERISLAND FEEDER FOR ITS CONTAINER OPERATIONS. IT HAD WANTED TO LEASE THE DECK SHIP TO A LOCAL OPERATOR, RETAINING OWNERSHIP OF THE VESSEL. OYAMA'S PLANS HAVE NOW FALLEN THROUGH WITH ITS RECENT FINANCIAL PROBLEMS BACK HOME.

5. AS MAY BE EXPECTED, THE DECREES MET A GREAT DEAL OF OPPOSITION FROM DOMESTIC SHIPPING COMPANIES, BUT THAT THEY WERE SIGNED ATTESTS TO THE STRENGTH OF PHILVEDEC AND THE ATTRACTIVENESS OF THE KAWASAKI JOINT VENTURE. SULLIVAN

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